



*21st Century Waterfront Planning meeting*

DECEMBER 16, 2002

# Mayor's Letter

TO THE MEMBERS OF THE CITY COUNCIL, AND THE CITIZENS OF CHATTANOOGA, TENNESSEE:

It is my great pleasure to present to you the annual report for the City of Chattanooga for the fiscal year ended June 30, 2002.

This report details our continuing focus on pursuing strong economic development initiatives while maintaining the fiscal integrity of our community. With the help of Council Members, Citizens, City Administrators, and city employees, we've been able to accomplish great things for Chattanooga. Our vision for the city is one of fiscal responsibility, creating new high paying jobs for our citizens through strong economic development efforts, strengthening neighborhoods, improving our quality of life and coming together as a community with innovative ideas to build on our strengths.

This past year we've put in place the vision and the funding for the \$120 million 21<sup>st</sup> Century Waterfront Plan, which when complete will completely transform our riverfront. We have put into use public funds generated from a hotel/motel tax to fund the public portions of the ambitious plan. By financing this plan through such a tax, its implementation creates no tax burden to local taxpayers. The public funds

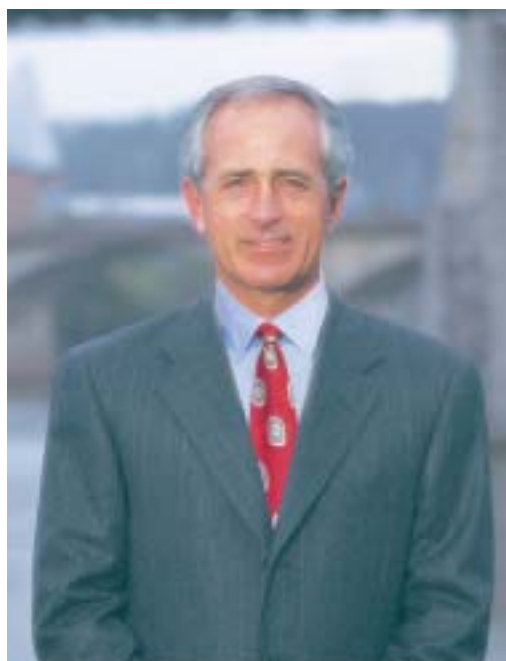


PHOTO BY MED DEMENT, HOUSE OF PHOTOGRAPHY

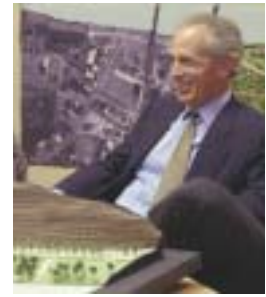
pooled together with foundation and philanthropic resources will allow us to complete our vision for the waterfront and do so by the spring of 2005.

Our commitment to driving up educational achievement in our city has resulted in the formation of the Community Education Alliance, an initiative that offers pay and other incentives to high performing teachers who agree to teach in our community's high priority elementary schools. This initiative uses the growth on

funds from an established half-cent sales tax and relies on support from the community's most dynamic business and non-profit leaders.

For the first time in many years, our community has in place a full-time recruitment staff, housed at the Chamber of Commerce, working on behalf of our citizens to attract new businesses to our area. We have worked closely with this recruiting effort to effectively market our assets and position our city's economic strengths nationally. We are continuing the work of developing Enterprise South to be a premier industrial park and are making great progress on building in infrastructure and creating a marketing effort which will attract new business to the site and create new jobs for our community.

During this year we pursued and were awarded by the Bush Administration a Renewal Community (RC) designation, which covers key portions of our downtown. Businesses which locate or expand in these RC zones qualify for tremendous tax credits and accelerated depreciation, all designed to revitalize and rejuvenate these areas causing economic prosperity to occur.



*21st Century Waterfront Planning meeting*

We are encouraging new start up businesses through our partnership with Southeast Community Capital, a venture capital firm which has made available a portfolio of \$50 million dollars to grow and create business here in Chattanooga. In addition, we have put into place \$1.5 million for the Chattanooga Opportunity Fund which focuses on supporting and stimulating start-up and minority owned businesses. Over the past year new ventures have been capitalized and provided a strong foundation for growth.

We have worked to take advantage of the significant technology resources which exist in Chattanooga. Because of the vast rail lines which run through and around our city, in recent years a significant network of fiber optic lines have been installed. We are working to leverage this tremendous infrastructure and our community's other technology strengths in a way which differentiates us and gives us a strong national reputation. We believe that the development of this "digital vision" will enable us to compete for mobile entrepreneurs and technology companies in ways that were never before possible.

Another opportunity to capitalize on our technological assets was found at UTC. We believe that this institution should be the greatest importer of talent to our region and wield great power in bringing economic investment and innovation to our city. Early on we were able to identify a strategic opportunity for the University to partner with Oak Ridge



PHOTOS BY WED DEMENT, HOUSE OF PHOTOGRAPHY

National Laboratory, the largest Department of Energy facility east of the Mississippi. Through this partnership, Chattanooga and its citizens now have access to Oak Ridge National Laboratory, one of the nation's premier scientific facilities, through a powerful direct fiber optic line. This fiber optic connection was instrumental in the University attracting the SIM Center, a computational engineering program from Mississippi which brings to UTC its first doctoral program. Recently, the City also donated the former Solar Training Building to UTC for use in the development of this first class engineering program.

Finally, our government is only as good as the customer service we provide to our citizens. To improve the link between City Government and our citizens, we will soon launch a Customer Service Call Center, which will allow residents to interact with City Hall by calling one number. At the same time we have instituted a Performance Review program which constantly evaluates the efficiency and effectiveness of government and continually looks for ways in which we can improve. This new function enables us to ensure that we are working smarter and doing everything we can to create a government that is well run, fiscally responsible and responsive to our citizens.

This has been a tremendous year. We are working hard to put in place those things which will help us build the 21<sup>st</sup> Century American City, and though there is still much to do, we are making great strides.

Chattanooga's greatest strength, however, will always be the people who call it home. We thank you for your partnership in making our city a thriving place to live.

Sincerely,

Bob Corker  
Mayor



# Chattanooga City Council



John M. Lively  
**DISTRICT 1**



Sally L. Robinson  
**DISTRICT 2**



Dan B. Page  
**DISTRICT 3**



W. Jack Benson, Sr.  
**DISTRICT 4**



John P. Franklin, Jr.  
**DISTRICT 5**  
Vice Chairman



Ronald C. Littlefield  
**DISTRICT 6**  
Chairman



John R. Taylor, Sr. **DISTRICT 7**



Leamon Pierce **DISTRICT 8**



Yusuf A. Hakeem **DISTRICT 9**

PHOTOS BY MED DEWENT, HOUSE OF PHOTOGRAPHY



# City of Chattanooga

DEPARTMENT OF FINANCE AND ADMINISTRATION

CITY HALL ANNEX

Chattanooga, Tennessee 37402

OFFICE: (423) 757-5230 • FAX (423) 757-0525

**Bob Corker**  
Mayor

**James S. Boney**  
City Finance Officer

DECEMBER 9, 2002 LETTER OF TRANSMITTAL

To the Honorable Mayor Bob Corker,  
Members of the City Council and the  
Citizens of Chattanooga, Tennessee:

In compliance with state and local  
statutes, I am submitting the Comprehen-  
sive Annual Financial  
Report (CAFR) of the  
City of Chattanooga for  
the fiscal year ended  
June 30, 2002. These  
ordinances and statutes  
require that the City of  
Chattanooga issue  
annually a report on its  
financial position and  
activities, and that an  
independent firm of  
certified public  
accountants audit this  
report.

Responsibility for  
both the accuracy of  
the data, and the completeness and  
fairness of the presentation, including all  
disclosures, rests with management. To  
provide a reasonable basis for making  
these representations, management of the  
City of Chattanooga has established a  
comprehensive internal control framework  
that is designed both to protect the City's  
assets from loss, theft, or misuse and to

compile sufficient reliable information for  
the preparation of the City of  
Chattanooga's financial statements in  
conformity with generally accepted  
accounting principles (GAAP). Because the  
cost of internal controls should not



*James S. Boney, Finance Officer*

outweigh their  
benefits, the City's  
framework of internal controls has been  
designed to provide reasonable rather than  
absolute assurance that the financial  
statements will be free from material  
misstatement. To the best of our knowl-  
edge and belief, this report is complete  
and reliable in all material respects.

The City of Chattanooga's financial  
statements have been audited by Hazlett,  
Lewis & Bieter, PLLC, a firm of licensed  
certified public accountants. The goal of  
the independent audit was to provide  
reasonable assurance that the City's  
financial statements are free of material  
misstatement. The independent audit  
involved examining, on a test basis,

evidence support-  
ing the amounts  
and disclosures in  
the financial  
statements;  
assessing the  
accounting  
principles used  
and significant  
estimates made by  
management; and  
evaluating the  
overall financial  
statement  
presentation. The  
independent



*Daisy W. Madison, Deputy Finance Officer*

auditor concluded that there was a  
reasonable basis for rendering an  
unqualified opinion that the City of  
Chattanooga's financial statements for the  
fiscal year ended June 30, 2002, are fairly  
presented in conformity with GAAP. The  
independent auditor's report is presented

PHOTOS BY MED DEBENT, HOUSE OF PHOTOGRAPHY

PHOTO BY RON LOWERY



*With a population of 155,992, Chattanooga encompasses an area of 144.16 square miles.*

as the second item in the financial section of this report.

The independent audit of the City's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. Special emphasis is placed on internal controls and legal requirements involving the administration of federal awards. These reports are in a separate Single Audit section.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Chattanooga's MD&A can be found immediately preceding the financial statement report of the independent auditors.

## Governmental Structure, Economic Conditions and Major Initiatives

### Profile of the Government

Founded as a ferry landing and warehouse site in 1815, the City of Chattanooga was incorporated under State of Tennessee Private Acts of 1839. The City is the county seat of Hamilton County and is located near the southeastern corner of the state on the Tennessee-Georgia border. It encompasses an area of 144.16 square miles and a population of 155,992. The City is centrally located in relation to other major population centers of the southeast, being within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia. Over 11 million people live within a 2 to 2-1/2 hour drive of Chattanooga. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also has the power to extend its corporate limits by annexation in accordance with procedures under an "Urban Growth Plan" agreed to between the city and the county.

The City operates under a Mayor/Council form of government. The Mayor is elected at-large and is not a member of the City Council. The Council is composed of nine members, with each member being elected from one of nine districts within the geographic boundaries of the City. The Mayor and Council are elected for four-year terms. The Mayor is the City's chief executive officer and oversees the operation of all City departments.

The City provides a full range of municipal services including but not limited to fire and police protection; sanitation services; construction and maintenance of highways, streets and infrastructure; recreation and cultural activities; public library; community development; planning and zoning; neighborhood services; social services; and general administrative services. It also operates a storm water maintenance program and a sewer and sewage facility system for its residents and for other communities in southeast Tennessee and northwest Georgia.

The annual budget serves as the foundation for the City's financial planning and control. The City Finance Officer obtains information from all departments and agencies of the City for which appropriations are made and/or revenues are collected and compiles the operating





PHOTO BY DAN REYNOLDS



*Chattanooga has undergone a renaissance that can be surpassed by no other city of its size.*

budget for submission to the Mayor. During the months of May and June, the City Council hears budget requests from the departments and agencies at its regularly scheduled meetings. In addition, advertised public hearings are held to allow taxpayers' comments prior to final passage. The budget is legally enacted through passage of an ordinance with an operative date of July 1. The appropriated budget is adopted on a departmental basis; the legal level of budgetary control is the fund level. Transfers of appropriations between funds require the approval of the City Council. The City Finance Officer may make interdepartmental transfers within the General Fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. The budget-to-actual comparisons for the remaining governmental funds with appropriated annual budgets are presented in the governmental fund subsection of this report.

## Factors Affecting Financial Condition

The information presented in the financial statements may be best understood when it is considered from the broader perspective of the specific environment within which the City of Chattanooga operates.

— **Local Economy.** Chattanooga is one of the nation's oldest manufacturing cities with 18.8 percent of its employment in that sector. However, there is no single dominating industry. Employment in the Chattanooga area is diverse. In addition to manufacturing, the services and trades sectors have also come to the forefront in recent years, making up 26.1% and 21.2% of local employment, respectively. Economic advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force and centralized location make Chattanooga a diversified and profitable business location. This largely accounts for the area's low unemployment rate, which stood at 3.8 percent as of July 2002. This is comparable to the national unemployment rate of 5.9 percent and the state rate of 4.9 percent for the same period. The

local economy is experiencing steady growth as indicated by a record number of building permits. Total value of all construction for the year 2001 rose to a record high of \$365.9 million, a 29% increase over 2000.

### — Long-Term Financial Planning.

The City has undergone a renaissance that can be surpassed by no other city of its size. Twenty years ago, the City began a rebirth with the establishment of the Moccasin Bend Task Force. The Master Plan which grew out of this task force has resulted in the development of the Tennessee Aquarium, the Riverpark, the Walnut Street Bridge and Coolidge Park. Over the past decade hundreds of millions of dollars have been invested in these and other projects resulting in the riverfront and downtown gaining the City international recognition. The 21<sup>st</sup> Century Waterfront Plan is another step in this Master Plan to focus on the City's riverfront. It is a multimillion dollar plan combining public and private financing to transform the downtown riverfront with a careful combination of development, preservation and enhancement that honors the history and beauty of the area.

The **21<sup>st</sup> Century Waterfront Plan** comprises 129 acres on both sides of the river stretching from the Veteran's Bridge









*The Chattanooga Trade Center expansion project.*



on the east to Moccasin Bend and M.L. King Boulevard on the west. The plan area is divided into six districts based on their natural features and development characteristics. Half of the districts – the First Street Steps, Ross’s Landing Park, and Manufacturers East – offer immediate development potential. Three others – Manufacturers West, Cameron Harbor and the Moccasin Bend Gateway — will develop over a longer period. A brief description of the projects follows:

The **First Street Steps** connect Market Street and the Aquarium with the Walnut Street Bridge, the Bluff View Art District and the Hunter Museum of American Art. A new public plaza will be created between Cherry and Walnut Streets. First Street itself will be transformed into a mixed-use neighborhood of residences, shops, cafes and galleries with a funicular to ease the trip up and down hill. Pedestrian connections at Second Street and a proposed bridge from the Walnut Street Circle across Riverfront Parkway complement the Hunter Museum’s plans to reconnect the museum to the City.

The **Ross’s Landing Park** is a cornerstone of the plan. Here at the birthplace of the city, the vision includes a reconfigured Riverfront Parkway allowing for an enlarged and enhanced riverside park. This expansive

area encompasses the Chattanooga Green and the Tennessee River Terraces and will be a fabulous and functional setting for riverside festivals. The trailhead of the Trail of Tears is honored, and much-needed docking facilities will accommodate transient boaters. An expanded marina, water taxis, riverfront cafes, residential units and commercial development will bring a fitting vitality to the area known as the “front porch” of the city. The crown jewel is the expansion of the Tennessee Aquarium, solidifying its position as the finest freshwater aquarium in the world.

**Manufacturers East** comprises the area near the intersection of Manufacturers Road, Cherokee Boulevard and Market Street. The plan calls for a new mixed-use neighborhood of residential and commercial development that mark the beginning of a connection between downtown and Moccasin Bend. The highlight of this district is the Tennessee Wetland Park, preserving the wetlands west of the Market Street Bridge as a nature reserve with an interpretive riverside boardwalk. The Adventure Playground and a segment of the Trail of Tears bring recreation and history to the district, and the collective components of the district provide a perfect complement to Coolidge Park.

Highlights of the remaining segments include: **Cameron Harbor** – anchoring the west end of M.L. King Boulevard with a marina, housing and offices, restaurants and shops, green space and a river taxi linking to the developments upriver and down; **Manufacturers West** – celebrating the industrial character of the river’s north shore, but tempering it with riparian habitats, riverwalk segments and a canoe launch; **Moccasin Bend Gateway** – providing an interpretive center, water taxi access and celebratory gateway into Moccasin Bend National Park, pending the declaration of park status. Funding for the first phase of the 21<sup>st</sup> Century Waterfront Plan is estimated at over \$120 million from public and private sources. The City’s share of cost, estimated at over \$55 million, will be funded by the recently levied Hotel Motel Tax.

In June 2002, the Tennessee Legislature enacted law (TCA 67-4-1401, et seq.) which removed constraints on municipalities giving them the freedom to enact a tax on the occupancy of hotel/motel rooms, in addition to the County Tax. In August 2002, the City levied such a tax to be phased in over a 30-month period beginning October 1, 2002 at 2%; increasing to 3% on October 1, 2003 and 4% effective May 1, 2005



*Mayor Corker and Councilman John Taylor at the Grand Opening of the South Chattanooga Recreational Center in April, 2002.*

and thereafter. This tax will be used to fund the 21<sup>st</sup> Century Waterfront Plan.

Four years ago, the State granted approval of a development mechanism known as the Tourist Development Zone (TDZ), which encompasses the heart of Chattanooga's downtown. The zone, known as the Southside Redevelopment District, is comprised of three districts — the Aquarium/Ross's Landing District, the Central Business District and the Southside Redevelopment District. The City, through the Southside Redevelopment Corporation, is in the final phase of this project. The development will be supported by allocations of incremental increases in state and local sales and use tax revenues. Four facilities with more than 631,210 square feet and cost in excess of \$117.7 million are included in the project. It is anticipated that this investment will leverage more than \$400 million in private investment by 2006.

The Southside Redevelopment District is an opportunity to create a model community by rebuilding the District's job base and revitalize housing opportunities. In the heart of the TDZ is the convention and conference complex that includes four public use facilities. Three of the four facilities are complete and operational. They are (1) the Chattanooga, which is a 208,210 sq. ft. residential meeting facility, (2) a new 1,029-space Parking Facility and (3) the Development Resource Center which is an 85,000 sq. ft. facility that serves as a model for better ways to develop a sustainable community. The fourth and final project, the 226,000 sq. ft. expansion of the Chattanooga-Hamilton County Convention and Trade Center, is currently under construction and is scheduled for completion in the spring of 2003.

The developments that have taken place throughout the North Shore, the Central Business District, and the Southside Redevelopment District have come together to make the

## Focus on Chattanooga's

# Police Department

Each year, we focus attention on the efforts of one department. The Police Department has been selected as this year's focus.



*Police Chief Jimmie Dotson*

It's been said that public safety is the single most important role of government. For example, former New York City Mayor Rudy Giuliani noted: "If you aren't safe, then nothing else works."

The men and women of the Chattanooga Police Department understand that principle, and put their lives on the line every day to keep citizens safe. They know that freedom is not free. In the past year, one Chattanooga Officer died in the line of duty. Another was shot, but was saved by his body armor.





*Chattanooga's Police Department in action.*

Those who pin on the badge do so knowing that although it is a job of high risk and low pay...it may also be the single greatest opportunity to impact and improve a community's quality of life.

Their efforts are paying off. Mayor Bob Corker recently held a news conference to announce that the crime rate in Chattanooga has fallen for the first 9 months of 2002, and if all goes well, that decline will continue. A number of factors were credited for the downturn, but high on the list is the partnerships that have been created with Chattanooga's neighborhood and community groups. These partnerships are the heart and soul of the philosophy of "Community Oriented Policing."

In addition to the positive news about the crime statistics, community response indicates a higher level of satisfaction with the CPD. But the increase in professionalism is not only anecdotal. The CPD has been nationally accredited by CALEA – the Commission on Accreditation Law Enforcement Agency. This milestone, reached in just over 3 years, was made even more significant by the 98% score received. This achievement puts the CPD among "the best of the best" in American law enforcement.

The CPD divides the city into 3 "sectors" to improve patrol response and efficiency: Sector 1 includes all of Chattanooga north of the Tennessee River, as well as downtown, Tiftonia and Saint Elmo. Sector 2 basically parallels the western side of Missionary Ridge from the Georgia border, all the way to Highway 153. Sector 3 includes everything on the east side of Missionary Ridge, and the Highway 58 area.

The three "Sectors" are broken down into 7 smaller "Zones" and it is at the Zone level where community groups most often interact with the officers who patrol and protect their neighborhoods.

In hopes of strengthening the relationships and improving the response to calls for service, the CPD has established police precincts in several neighborhoods. Precincts are located at

Eastgate Mall, on 40<sup>th</sup> Street in Chattanooga's "Southside" and at 3<sup>rd</sup> and Walnut, in downtown Chattanooga. Other smaller "storefront" offices have been located in other parts of town as well, to give police officers more visibility and improved workspace.

Citizens can get an even closer and more in-depth view of police work by attending the CPD Citizens Academy. The 8-night course acquaints members with police policies and procedures, and often proves to be a very eye-opening experience.

One of the most successful recent additions to the Chattanooga Police Department is the Animal Services Division. It has had a dramatic and direct impact on the quality of life in many neighborhoods that had been plagued by stray, and often dangerous, animals. The Division often handles more than a thousand calls a month, which is evidence of the magnitude of the problem its officers address.

The Chattanooga Police Department is led by Chief Jimmie Dotson, who has been at the helm of the organization since 1997. Although Chief Dotson has been widely credited with many improvements at the CPD, he is quick to pass any credit on to the nearly 700 CPD employees.

Chief Dotson notes: "Without a doubt our most valuable assets are our employees. They provide an incredible return on our investment. God has blessed this city with men and women who put 'service above self'. Whether sworn or civilian, the employees work as a team to give the highest possible level of service to citizens who call on us for help. I have said it since my first day here: I believe the Chattanooga Police Department can become one of the nation's 'premiere' law enforcement agencies."

For more information on the Chattanooga Police Department or any of its units, divisions or programs, visit their web site:

[www.chattanooga.gov/police](http://www.chattanooga.gov/police)



*First new schools to open downtown in decades – (left) Tommie E. Brown Academy and (right) Herman H. Battle Academy.*

downtown Chattanooga area a gathering place for night, family and recreational activity. The implementation of the 21<sup>st</sup> Century Waterfront Plan will further highlight Chattanooga's ability to forge bold visions through aggressive implementation.

Chattanooga continues to place high priority on education. Two new schools were constructed and opened downtown in August 2002, representing the first new school buildings in the downtown area in decades. Other investments in the area include the renovation of a former office building into a school for children with special needs, revitalization of a department store building as a premier downtown housing development, a new bank branch, and a new office building in the central business district.

Neighborhoods and quality, affordable housing continue to be a priority in the community. The Chattanooga Neighborhood Enterprise broke ground on a 20-unit apartment building within eyesight of the University of Tennessee at Chattanooga. This unit will complement new housing units already built in the area.

The City continues to implement, through the Chattanooga Housing Authority, the HOPE VI Grant. This \$35 million grant from the Department of Housing and Urban Development (HUD)

anchors a \$159 million project to replace the Spencer J. McCallie Homes and revitalize the surrounding Alton Park neighborhood. Coupled with the Alton Park Development Corporation's master plan, the HOPE VI grant will bring about a major revitalization of one of the City's most depressed neighborhoods.

Despite the global attention to Chattanooga's downtown and environmental successes, economic growth in Chattanooga trails most of the rest of the South. During the 1990's, Chattanooga added jobs at only half the pace of the rest of the state. City officials have focused efforts on ways to reverse this trend of slow employment growth. The business culture in Chattanooga is on the verge of change. A venture capital firm with \$50 million in assets has been recruited to set up an office here. This will give entrepreneurs the needed access to capital that has been scarce in the local business environment. Additionally, \$1.5 million has been allocated by the City to target creation of new minority-owned businesses. The Chamber of Commerce, charged with the task to oversee economic development, has implemented its plan for a larger economic recruitment program. This will include hiring of a business recruitment expert as part of its long-term plan to create more jobs.

Chattanooga is also poised on the leading edge of the technological age. The Electric Power Board of Chattanooga has donated a portion of its nearly 40-mile fiber optic ring for economic development. This move is anticipated to create a high-speed information corridor allowing Chattanooga to become a hub for future research, information sharing, and job growth. This hub has already attracted a new long distance firm to locate in the heart of the central business district, bringing new jobs to the area.

City and County officials have initiated plans for the development of the old Volunteer Army Ammunition Plant site – renamed Enterprise South. The \$7.5 million investment by the City and County provides a 940-acre tract, located within 2 miles of Interstate 75, approximately 700 acres of which can be made available for industrial development almost immediately. An additional 284 acres has recently been released for use in the immediate future. This is the largest block of land available within the city limits in several decades. Infrastructure is in place to support a wide range of manufacturing and industrial uses. The entire site exceeds 6,000 acres, and efforts continue to acquire the remaining portions for industrial and recreational uses.





*City employees at work.*



The U.S. Department of Housing and Urban Development recently designated a selected area within Chattanooga as a Renewal Community. The area includes Alton Park, the Southside Redevelopment District, the M. L. King Boulevard district and downtown. This designation allows business to share \$17 billion in tax incentives provided as part of the 2000 Community Renewal Tax Relief Act. The program gives new and existing businesses access to \$6 billion in tax incentives and \$11 billion in low-income housing and new market tax credits that can be used to help revitalize once-vibrant communities.

Hamilton Place Mall, Tennessee's largest, and now in its thirteenth year of operation, remains a magnet for millions of people. The 1.4 million-square-foot mall has brought in many tourists and locals with a mix of new and familiar stores, theme restaurants and movie theaters. Thanks to the mall, the area has become a retail hotbed with more than 15 million visitors a year. Sales at Hamilton Place have grown steadily over the past decade and now average 30 percent above the national average for regional malls. That success has quickly spilled across Gunbarrel Road and Interstate 75. The number of businesses and amount of traffic in the mall area has more than doubled

over the past decade. CBL and Associates, the mall's owner and developer of major retail space nation wide, has begun development of a multi-acre site on the south perimeter of the mall. Phase I was the construction of their new national headquarters office building.

— **Cash Management Policies And Practices.** Cash temporarily idle during the year is invested in commercial banks and savings and loan certificates of deposit as well as various instruments guaranteed by the United States Government. These instruments have terms ranging from one week to one year. Cash idle for a longer period of time is invested in longer-term government securities. Due to statutes of the State of Tennessee, the City is limited in the investment methods it may utilize. Investment income includes the change in fair value of investments, whether that is increases or decreases.

— **Risk Management.** The City manages exposure to risk of loss through several methods. Such methods include contracts with commercial carriers for property insurance, surety bond coverage of officials and employees, and commercial liability coverage for specified situations. The City assumes the risk of loss for general liability not covered by commercial carriers. To minimize its losses, the City

has implemented various risk control techniques such as safety inspections and safety training classes. As part of the City's risk management program, resources are being accumulated in an Internal Service Fund to meet potential losses relating to general liabilities and tort claims. Reserves are accumulated in the General Fund to meet potential losses for all other exposures. Additional information on the City's risk management activity can be found in the notes to the financial statements.

— **Pension And Other Post-Employment Benefits.** The City provides retirement benefits through three single-employer defined benefit pension plans that cover all employees. One system (General Pension Plan) covers general City employees; a second plan covers employees of the Electric Power Board; and the third covers Firemen and Policemen. Each of these plans is maintained separately and engages an independent actuary to calculate the amount of annual contribution that must be made to each plan to ensure the plans will be able to fully meet their obligations to retired employees on a timely basis. As a result of the City's conservative funding policy, all plans are fully funded.

The City also provides postretirement health care benefits for certain retirees and their dependents. As of the end of the



*City employees at work.*

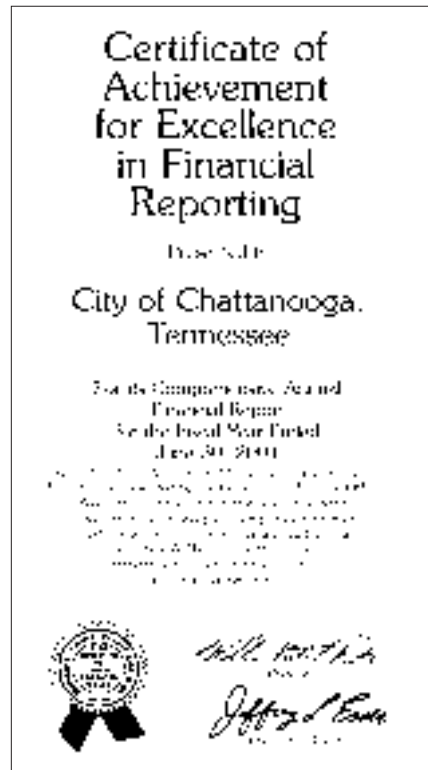
current fiscal year, there were 747 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Governments are not required by GAAP to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on the City's pension arrangements and postretirement benefits can be found in the notes to the financial statements.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chattanooga, Tennessee, for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This was the tenth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently

organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both



generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for each of the five fiscal years for which it applied. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and the City's independent public accountants, Hazlett, Lewis & Bieter, PLLC. We would like to express our appreciation to members of various City departments who assisted and contributed to the preparation of this report. Further appreciation is extended to the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

James S. Boney, Administrator



# City Officials as of June 30, 2002

BOB CORKER, MAYOR

Michael E. Compton, Chief of Staff

## City Council:

Ronald C. Littlefield, Chairman	District 6
John P. Franklin, Jr., Vice Chairman	District 5
John M. Lively	District 1
Sally L. Robinson	District 2
Dan B. Page	District 3
W. Jack Benson, Sr.	District 4
John R. Taylor, Sr.	District 7
Leamon Pierce	District 8
Yusuf A. Hakeem	District 9



## Courts:

Walter F. Williams	City Court Judge
Russell J. Bean	City Court Judge
Edward C. Hammonds	City Court Clerk

## Department Administrators and Directors:

LEGAL	Randall Nelson	City Attorney
LEGISLATIVE	Carol O'Neal	Clerk of the Council
PERSONNEL	Donna Kelley	Administrator
NEIGHBORHOOD SERVICES	Kenardo K. Curry	Administrator
HUMAN SERVICES	Bernadine Turner	Administrator
	Tommie Pruitt	Deputy Administrator
PARKS, RECREATION, ARTS & CULTURE	Jerry Mitchell	Administrator
	Janice Hester	Deputy Administrator
PUBLIC WORKS	William C. McDonald, Jr.	Administrator
	Beverly P. Johnson	Deputy Administrator
POLICE	Chief Jimmie L. Dotson	Administrator
FIRE	Chief Jim M. Coppinger	Administrator
FINANCE & ADMINISTRATION	James S. Boney	Administrator
	Daisy W. Madison	Deputy Administrator
OFFICE OF PERFORMANCE REVIEW	David R. Eichenthal	Director

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Brian Smart	Manager, Financial Operations
Fredia F. Kitchen	Budget Officer
Daisy W. Madison	Treasurer
Mark J. Keil	Director, Information Services
Gene D. Settles	Purchasing Agent
Rayburn Traughber	Director, Economic & Community Development
George Morgan	Director of Facilities & Fleet Management
Tracy Clarke	Risk Manager
Henry W. Yankowski	Director, Codes and Inspection
D. Lee Norris	Director, City Wide Services
Jerry W. Stewart	Director, Waste Resources
Phillip Lynn	City Engineer
John Van Winkle	City Traffic Engineer
Harold E. DePriest	President and CEO, Electric Power Board
Jane McFarland	Director, Chattanooga - Hamilton County Bicentennial Library
Mark VanLoh	President, Metropolitan Airport Authority
Barry M. Bennett	Director, Regional Planning Agency
Robert H. Colby	Director, Air Pollution Control
Carolyn Skipper	Director, Scenic Cities Beautiful Commission

# Organizational Chart

CITY OF CHATTANOOGA

